the Central Government employees in the event of non-availability of transport;

(b) whether it is also a fact that there is a monetary limit of Rs. 150/- p.m. for the said purpose, which is on the very low side as per prevailing charges; and

(c) if so, whether Government propose i to revise the ceiling and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) For Central Government employees who arc sent outside the normal place of duty, but within the municipal limits, during office hours, for attending to official work, conveyance hire charges actually paid are reimbursed subject to certain conditions such as:—

(i) No travelling allowance under TA Rules is claimed;

(ii) The total amount reimbursed in any month shall not exceed Rs. . 150/-;

(iii) In case of a non-gazetted employee, he is not granted any compensatory leave or any special remuneration; and

(iv) Conveyance hire reimbursable shall be the fare by bus, tram, local train or a combination of these if , the places to be visited are connected by any of these public conveyances.

The limit of Rs. 150/- p.m. is considered adequate keeping in view the fact that in most cases public conveyances like bus, train etc. are to be used and only on rare occasions when these are not available and urgency is involved, other conveyances like scooter or taxi are to be used.

Reluctance of Banks to issue back to back letter of Credit

2231. SHRI C. APOK JAMIR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Indian Banking system has proved a deterrent in promoting international trading by Indian companies involving both purchases and sales abroad under back to back letter of credits;

(b) whether the Indian Banks are reluctant to issue back to back LC without involving any financial risk on the part of the Bank; and

(c) if so, the reasons therefor and the measures proposed to boost overseas trading by Indian companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) Reserve Bank of India (RBI) has reported that they are not aware of any reluctance on the part of banks to open back to back letters of credit. However, in promoting international trading by Indian Companies, banks are giving need based limits to their customers, including issuance of back-to-back LCs which is usually considered favourably as the risk involved is relatively lower.

(b) and (c) Commercial decisions of the banks are normally based on the assessment of the credit-worthiness and standing of the overseas bank opening LC favouring Indian Merchant Exporters. Banks are also guided by the RBI's guidelines on Exchange Control on merchanting, trade. RBI has further reported that back-to-back credit as a product has not caught on among the banking clientele and reeds to be promoted by banks in India both for inland business and export/import business. Overseas trading can be improved by effective marketing and being competitive in the international market.